

MIAMI-DADE COUNTY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following narrative provides an overview of Miami-Dade County's (the "County") financial activities for the fiscal year ended September 30, 2002. The new reporting model required by Governmental Accounting Standards Board ("GASB") Statement No. 34 was implemented during fiscal year 2002. The presentation of comparative information is not required in the year of implementation, which would have required data for fiscal year 2001 be converted to the new model. Comparative information will be provided commencing with next year's report. This narrative should be read in conjunction with the letter of transmittal at the front of this report and the financial statements and accompanying notes, which follow this section. Information on the new reporting model is provided in this narrative and the accompanying notes to the financial statements.

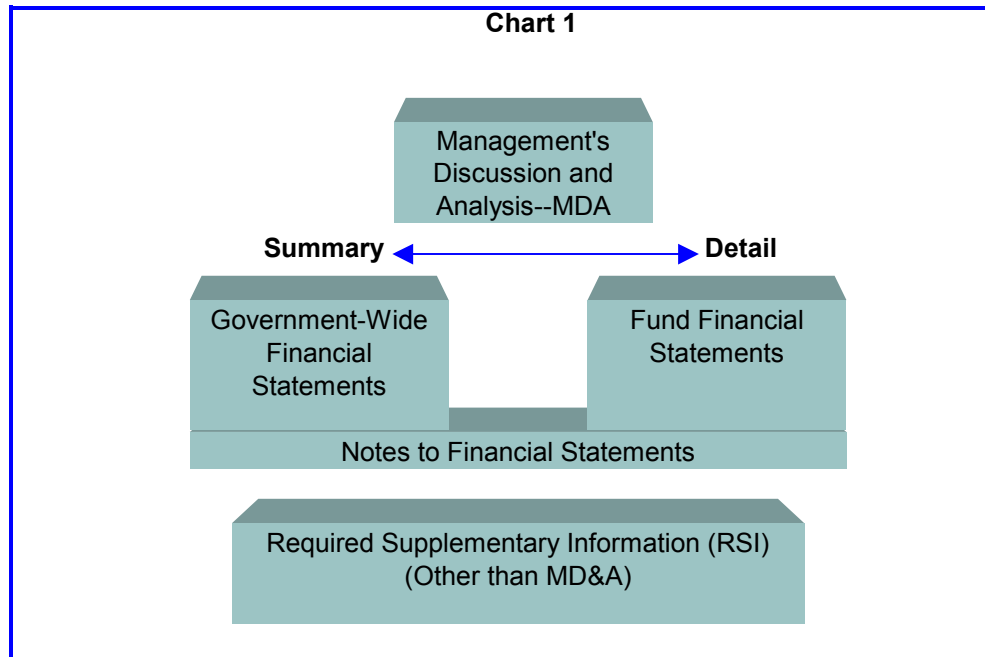
Financial Highlights for FY 2002

- ❑ At September 30, 2002, the County's assets exceeded its liabilities by \$7.464 billion (net assets). Of this amount, \$6.078 billion was invested in capital assets, net of related debt. Additionally, \$1.278 billion was restricted by law, agreements, debt covenants or for capital projects. The County had unrestricted net assets of \$108 million at September 30, 2002.
- ❑ During the fiscal year 2002, net assets increased by \$132.8 million. Of this increase, \$114.4 million was in governmental activities and the remaining increase of \$18.4 million was in business-type activities.
- ❑ Total long-term liabilities had a net increase of \$642.6 million during the fiscal year. This was due to the issuance of \$299 million of Revenue Bonds; \$204.3 million of Special Obligation Bonds; \$293.5 million of commercial paper notes; \$27.4 million of loans; interest accretions and premiums on bonds of \$23.2 million and \$9.9 million, respectively; offset by reductions to principal and deferred amounts of \$472.7 million. Other long-term liabilities had a net increase of \$258 million.
- ❑ At September 30, 2002, the County's governmental funds had fund balances totaling \$1.268 billion. This is an increase of \$63.5 when compared to the prior year. Of the fund balance amount, \$454.6 million was unreserved.
- ❑ At September 30, 2002, the General Fund had a fund balance of \$240 million, representing a decrease of approximately 6.0% from the previous year. Of the total fund balance, approximately \$82.3 million was unreserved. The Community and Social Development Fund, the County's other major fund, had a fund balance of \$30.6 million, representing an increase of approximately 66.6% over the previous year.

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Overview of the Financial Statements

This is the first year that the report has been prepared in accordance with Governmental Accounting Standard Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. The Statement requires that the basic financial statements include: 1) *government-wide* statements, 2) *fund* financial statements, and 3) notes to the financial statements. Other supplementary information and statistical data is also included in the report. A graphical illustration is presented below—Chart 1.



The new reporting model focuses attention on the County as a whole (government-wide), and on the major individual funds. Both perspectives allow the user to address relevant questions, broaden the basis for comparison and enhance the County's accountability.

Government-wide statements. Two government-wide statements are presented: the *statement of net assets* and the *statement of activities*. These statements provide information on the County as a whole using the accrual basis of accounting similar to those of private-sector companies. The accrual basis of accounting recognizes increases or decreases in economic resources as soon as the underlying transaction takes place. Therefore, all of the current year's revenues and expenses are reported regardless of when cash is received or paid. The economic resources measurement focus is applied to all long-term and short-term *financial* assets and liabilities, as well as all *capital* assets. These statements include the County and its component unit, except for funds that are fiduciary in nature.

The *Statement of Net Assets* presents information for all of the County's governmental and business-type activities. Increases or decreases in net assets may be useful in assessing the County's financial position.

The *Statement of Activities* presents the change in net assets over the fiscal year being reported. The format for this statement reports the *net (expense) revenue* of each of the County's functions (groups of related activities which provide a major service). It identifies the extent to which each function is either self-supporting or relies on general revenues of the County. The County's *general revenues*, such as taxes, shared revenues from the State of Florida, investment earnings, and transfers, are reported after the total net expense of the County functions.

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In the government-wide statements, financial information is provided separately for:

- ❑ *Governmental activities.* Policy Formulation and General Government, Protection of People and Property, Culture and Recreation, and Physical Environment are examples of governmental activities. These activities are principally supported by general revenues, grants or contributions.
- ❑ *Business-type activities.* The operations of the Airport, the Seaport, the Water and Sewer Department, the Solid Waste Department, the Transit Agency and the Public Health Trust are the County's major business-type activities. These activities are financed in whole or in part by fees charged to external users for goods and services.
- ❑ *Component units.* Component units are legally separate entities for which the County is financially accountable. The Miami-Dade Housing Finance Authority is the County's only component unit.

Fund financial statements. Fund financial statements have traditionally been presented in the Comprehensive Annual Financial Report (the "CAFR"). A *fund* is a set of self-balancing accounts that are segregated for the purpose of carrying on specific activities or attaining certain objectives, as required by special regulations, restrictions or limitations. The Miami-Dade County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- ❑ *Governmental funds.* Governmental funds account for most of the County's basic services, which are reported as governmental activities in the government-wide statements. Fund statements, however, use the modified accrual basis of accounting and current financial resources measurement focus. The aim of the statements is to report the near-term (current) inflows and outflows, and the balances of spendable financial resources at the end of the fiscal year. The statements provide a short-term view of the County's ability to finance its programs in the near future, in contrast to the long-term view provided by the government-wide statements. To facilitate comparison, the governmental funds' balance sheet and statements of revenues, expenditures and changes in fund balance provide a reconciliation between each of these statements and the government-wide statements.

The governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance include separate columns for the General Fund and the Community and Social Development Fund, both major funds. The other governmental funds are aggregated in the nonmajor funds column. Individual fund statements for the nonmajor funds can be found in the combining statements in the supplementary information section of this CAFR.

- ❑ *Proprietary funds.* Proprietary funds are those funds where the County charges a user fee in order to recover costs. The County's proprietary funds are enterprise funds and internal service funds.
 1. *Enterprise funds* are used to finance and account for the acquisition, operation and maintenance of facilities and services that are intended to be entirely or predominantly self-supporting through the collection of charges from external customers. Enterprise funds are used to report the same activities as the business-type activities in the government-wide financial statements. The County has six major enterprise funds.
 2. *Internal service funds* are used to report any activity that provides goods and services to other funds, departments, or agencies of the County, on a reimbursement basis. The County's Self-Insurance Fund is an internal service fund. In the statement of activities, any profit or loss in the Self-Insurance Fund is allocated back to the different functions that participated in the fund. Because the Self-Insurance Fund predominantly serves the government, assets and liabilities in the Self-Insurance Fund are included within the governmental activities in the statement of net assets.

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- ❑ **Fiduciary funds.** Fiduciary funds are used to report assets held in a trustee or agency capacity for others. The County currently has funds held in an agency capacity for the Clerk of the Circuit and County Court and the Tax Collector, as well as other funds placed in escrow pending distributions. These funds cannot be used to support the County's own programs, and therefore, are *not* reflected in the government-wide financial statements.

Notes to the financial statements. The notes include various disclosures to ensure a complete picture is presented in the financial statements. They provide information useful in understanding the data presented in the government-wide and fund financial statements.

Other information. This report also includes, as required supplementary information, schedules of revenues, expenditures and changes in fund balances – budget and actual, for the General Fund and the Community and Social Development Funds (major funds). Combining and individual fund statements and budget comparisons for nonmajor funds are located in the pages following the notes to the financial statements.

Financial Analysis of the County as a Whole

The difference between a government's assets and its liabilities is its *net assets*. The County's net assets are summarized below:

Table 1

**Miami-Dade County
Summary of Net Assets
as of September 30, 2002
(in thousands)**

	Governmental activities	Business-type activities	Total primary government
Current and other assets	\$ 1,915,209	\$ 3,088,383	\$ 5,003,592
Capital assets	2,837,928	8,304,537	11,142,465
Total assets	<u>4,753,137</u>	<u>11,392,920</u>	<u>16,146,057</u>
Long-term debt obligations	1,928,593	5,768,433	7,697,026
Other liabilities	534,674	450,003	984,677
Total liabilities	<u>2,463,267</u>	<u>6,218,436</u>	<u>8,681,703</u>
Net assets:			
Invested in capital assets, net of related debt	1,830,271	4,247,501	6,077,772
Restricted	670,166	608,059	1,278,225
Unrestricted	(210,567)	318,924	108,357
Total net assets	<u><u>\$ 2,289,870</u></u>	<u><u>\$ 5,174,484</u></u>	<u><u>\$ 7,464,354</u></u>

Net assets may be used to assess the financial position of the County. The County's combined net assets as of September 30, 2002 were \$7.464 billion. Approximately 81.4%, or \$6.078 billion, of the County's net assets represents its investment in capital assets, net of outstanding related debt. These assets include land, buildings, machinery and equipment, and infrastructure, and are not available for future spending. Additionally, \$1.278 billion are restricted net assets and are subject to external restrictions on how they may be spent. At September 30, 2002, the County's unrestricted net assets were \$108 million. The unrestricted deficit of \$210 million, under governmental activities, is primarily due to the liability for County employees' compensated absences, which will be funded in future years, and is not a reflection of the County's lack of resources to meet its ongoing obligations to citizens and creditors.

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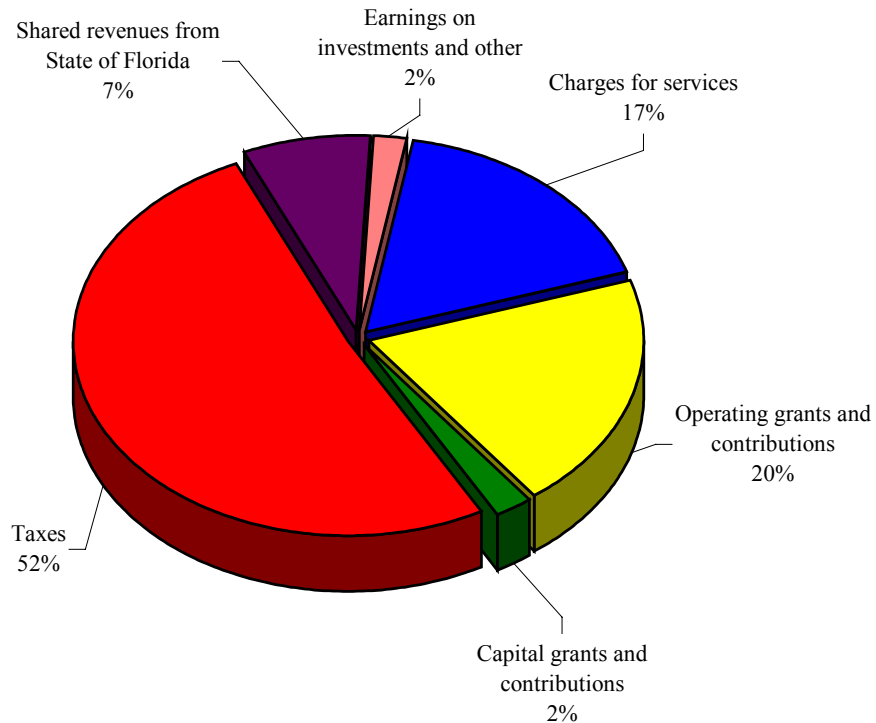
Table 2
Miami-Dade County, Florida
Changes in Net Assets
For the Year Ended September 30, 2002
(in thousands)

	Governmental activities	Business-type activities	Total primary government
Revenues:			
Program revenues:			
Charges for services	\$ 470,832	\$ 2,136,958	\$ 2,607,790
Operating grants and contributions	538,031	94,463	632,494
Capital grants and contributions	56,193	184,278	240,471
General revenues:			
Property taxes	954,341		954,341
County hospital 1/2% sales surtax	146,529		146,529
Utility taxes	70,469		70,469
Local option gas taxes	68,837		68,837
Franchise taxes	32,423		32,423
Communication tax	62,205		62,205
Other taxes	70,206		70,206
Shared revenues from State of Florida	200,202		200,202
Earnings on investments	37,351	76,407	113,758
Miscellaneous	19,301		19,301
Total revenues	2,726,920	2,492,106	5,219,026
Expenses:			
Policy formulation and general government	314,771		314,771
Protection of people and property	956,910		956,910
Physical environment	88,759		88,759
Transportation	138,828		138,828
Health	48,052		48,052
Human services	214,147		214,147
Socio-economic environment	278,472		278,472
Culture and recreation	174,986		174,986
Interest on long-term debt	72,096		72,096
Mass transit		349,120	349,120
Solid waste collection		77,438	77,438
Solid waste disposal		138,408	138,408
Seaport		83,352	83,352
Aviation		506,857	506,857
Water		137,767	137,767
Sewer		253,562	253,562
Public health		1,236,427	1,236,427
Other		16,239	16,239
Total expenses	2,287,021	2,799,170	5,086,191
Increase in net assets before transfers	439,899	(307,064)	132,835
Transfers	(325,462)	325,462	-
Increase in net assets	114,437	18,398	132,835
Net assets, 9/30/2001	2,175,433	5,156,086	7,331,519
Net assets, 9/30/2002	\$ 2,289,870	\$ 5,174,484	\$ 7,464,354

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Governmental activities. Net assets of governmental activities increased by \$114.4 million in fiscal year 2002. This increase represents approximately 86% of the County's total net asset increase of \$132.8 million. Total revenues for the governmental activities were \$2.727 billion. The largest source of revenue is taxes (52%), followed by operating grants and contributions (20%) and charges for services (17%). The County experienced an increase in property tax revenues of \$61.2 million or 6.9% in fiscal year 2002, due to an increase in net assessed property values for the year (including new construction) of 7.1%.

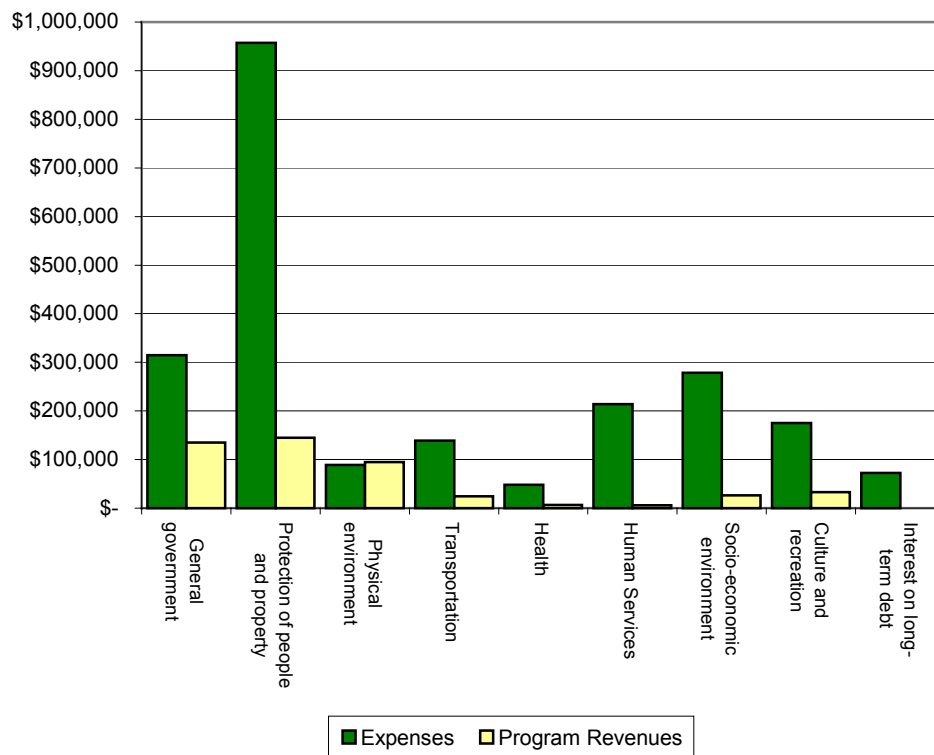
Revenues by Source--Governmental Activities



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Total expenses for governmental activities were \$2.287 billion. As can be seen in the chart below, the majority of these expenses were spent on Protection of People and Property. Net transfers to business-type activities were \$325 million, including \$110.7 million to the Transit Agency, \$146.5 million for the half-penny County hospital tax to the Public Health Trust, \$103.5 million from the General Fund to the Public Health Trust, and \$33 million received from the Miami-Dade Water and Sewer Department.

Expenses and Program Revenues - Governmental Activities
(in thousands)



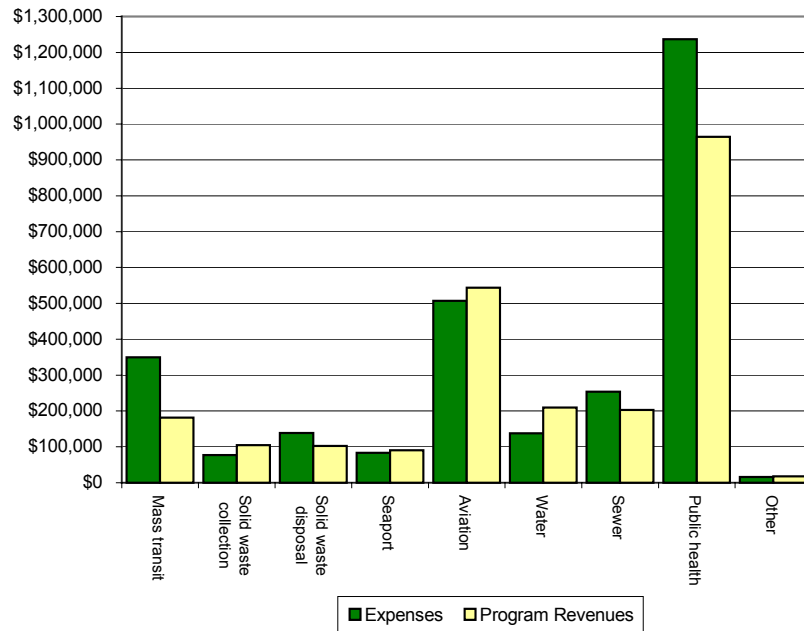
Business-type activities. The County's major business-type activities include the following enterprise funds:

- Miami-Dade Transit Agency
- Solid Waste Collection and Disposal Department
- Seaport Department
- Miami-Dade Aviation Department
- Miami-Dade Water and Sewer Department, and
- Public Health Trust.

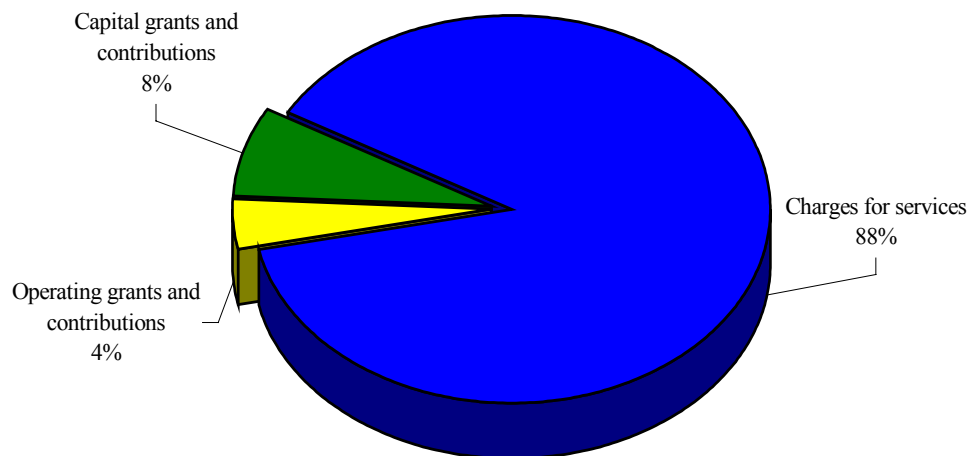
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Net assets of business-type activities increased by \$18.4 million, representing approximately 14% of the total net assets increase of \$132.8 million. The bar graph below summarizes the expenses and program revenues of the business-type activities. The pie chart summarizes the revenues by source of the business-type activities.

Expenses and Program Revenues - Business-Type Activities
(in thousands)



Revenues by Source--Business-Type Activities



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Financial Analysis of the County's Funds

Governmental Funds. The General Fund is the County's chief operating fund and is used to account for most of its governmental activities. The General Fund had a fund balance of \$240 million on September 30, 2002. Of this amount \$82.3 million, or 34.3%, is unreserved. The unreserved fund balance represents 7.3% of the total General Fund's expenditures. The General Fund's fund balance decreased by \$15.2 million from the previous year. This decrease can be attributed to:

- ❑ An increase in expenditures for Protection of People of approximately \$13.3 million;
- ❑ An increase in net transfers out of \$61.3 million;
- ❑ The increases in expenditures were partially offset by an increase in revenues, as a result of increases in total property taxes, other taxes, charges for services and intergovernmental revenues.

The Community and Social Development ("CSD") Fund had a fund balance of \$30.6 million on September 30, 2002. The fund balance includes \$71.6 million reserved for mortgages receivable, \$4.0 reserved for encumbrances, and a \$45.0 million deficit in unreserved fund balance. The CSD Fund had an increase in fund balance of \$12.2 million in fiscal year 2002, due to an increase in intergovernmental revenues and to the receipt of an \$8.9 million contribution for Empowerment Zone loans.

Enterprise Funds. The proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

Miami-Dade Transit ("MDTA") The MDTA generated \$80.3 million in operating revenues in fiscal year 2002, but reported a decrease in net assets of \$38.8 million. Net assets for MDTA totaled \$1.22 billion as of September 30, 2002, including \$1.28 billion invested in capital assets, and a \$62 million deficit in unrestricted net assets.

As of September 30, 2002, MDTA had a cumulative cash deficit from operations of \$53.8 million, of which \$47.0 million will be requested for reimbursement from grantor agencies (\$29.9 million from existing grants and \$17.1 million of "pre-award" expenses from the fiscal year 2003 Federal Formula Grant). The remaining cash deficit of \$6.8 million represents an accumulation of expenditures in excess of cash receipts. The cash deficit has been recorded as an interfund receivable in the County's General Fund.

Solid Waste Department ("SWD") The SWD had a decrease in net assets of \$4.7 million during fiscal year 2002. The decrease is attributed to an increase of \$20.3 million in other operating expenses. The majority of the increase in operating expenses is the result of a \$14.7 million increase in landfill closure and long-term care costs for the active landfills. During fiscal year 2002, the SWD incurred \$6.6 million in expense for the amortization of landfill closure and long-term care costs, as compared to an amortization credit of \$8.1 million in fiscal year 2001 (an increase of \$14.7 million). Operating revenues were \$196.6 million, representing an increase of approximately 3.5%.

Seaport Department The Seaport Department's operating revenues for the 2002 fiscal year were \$80.5 million, an increase of approximately 5.6%. This increase is attributed to growth in cargo and cruise activity. The Seaport recorded an increase in net assets of \$10.9 million for the year as a result of recognizing \$8.3 million of external capital contributions in its operating statement. The remainder is attributed to an increase in operating revenues and a relative increase its operating expenses.

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Aviation Department The Aviation Department had operating revenues of \$446.4 million in fiscal year 2002, a decrease of approximately 6.2% from the prior year. A slow economy in Latin America and the effects of the terrorist attacks on September 11th contributed to the decrease. The decrease in operating revenues was partially offset by a decrease in operating expenses, including depreciation, of approximately 16%. This is attributed to a managed effort by the department to compensate for the decline in revenue, and a reduction in environmental remediation expense of approximately 88% from prior year. Net assets for the Airport increased \$48.2 million from prior year. This is primarily attributed to the recognition of external capital contributions of \$48.7 million in its operating statement.

In August 1993, the Aviation Department entered into an agreement with the County's Department of Environmental Resources Management. Every year since, the Aviation Department has an independent engineering firm evaluate and update environmental violations. As a result of the updated study and costs incurred, the Aviation Department has recorded a liability of \$173 million.

Water and Sewer Department ("WASD") Operating revenues for fiscal year 2002 were \$354.1 million, a decrease of approximately 1.8% from prior year. This slight decrease can be attributed to the effect of mandatory water restrictions. While the restrictions were lifted, they continued to have an effect on water usage and conservation. The WASD's net assets increased \$20.3 million from the prior year.

Public Health Trust ("PHT") Operating revenues for fiscal year ended September 30, 2002 were \$930.2 million, an increase of 20.2% from prior year, as result of higher patient service revenue of 21.3% and other revenue of 13.3% over prior year. Despite the increase in revenue, the PHT had a decrease in net assets of \$7.4 million. The decrease in net assets is attributed to an increase in operating expenses, including depreciation, of approximately 17%.

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General Fund Budgetary Highlights

During fiscal year 2002, the General Fund's budget was amended two times. These budget amendments or supplemental appropriations reflect the change in projected expenditures that occurred since the budget hearings held in September 2001, and distribute allocated funds among various County agencies from appropriate reserves and from appropriate sources. The major amendments and supplemental appropriations are discussed in greater detail below.

- ❑ The Miami-Dade Police Department required an amendment of \$9.5 million to cover separation costs, cost-of-living increases and additional personnel expenses.
- ❑ The Corrections Department required an amendment of \$3.6 million to cover higher than budgeted overtime as well as unbudgeted expenses related to negotiated wage adjustments and termination payments.
- ❑ The Public Works Department required a supplemental budget of \$1.5 million to authorize expenditures associated with heavy fleet purchases.
- ❑ The Department of Environmental Resources Management required a supplemental budget of \$1.5 million to authorize increased personnel expenditures in the Division of Recovery and Mitigation necessary to manage Federal Management Emergency Management ("FEMA") drainage and roadway projects.
- ❑ The Building Department required an amendment of \$3.5 million to cover moving costs, which were budgeted in fiscal year 2001, but not expended until fiscal year 2002.
- ❑ Actual General Fund revenues were \$43.8 million higher than budgeted amounts. The increase is primarily due to: 1) an increase in taxes collected of \$32.4 million, including \$15.3 more Utility Taxes and \$10 million more Franchise Fees; 2) an increase in licenses and permits of \$11.7 million, primarily from the Building Department; and 3) an increase in charges for services of \$9.1 million, primarily due to the sale of Miami-Dade Police Department services to incorporated municipalities of \$5.3 million.
- ❑ The General Fund expenditures were \$43.8 million lower than budgeted. This positive variance is primarily attributed to lower than anticipated expenditures in Policy Formulation and General Government of \$18.9 million and Protection of People and Property of \$16.8 million.

Community and Social Development Fund Budgetary Highlights

During fiscal year 2002, the Community and Social Development Fund's budget was amended two times. These budget amendments or supplemental appropriations reflect the change in projected expenditures that occurred since the budget hearings held in September 2001. The major amendments and supplemental appropriations are discussed in greater detail below.

- ❑ The Human Services Department required a supplemental appropriation of \$9.0 million for additional operating expenditures related to refugee entrant, youth crime, and summer youth employment programs.
- ❑ The Community Action Agency required a supplemental appropriation of \$3.4 million for additional grant-related expenditures for hurricane shutters, elderly and meal programs.

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Capital Asset and Debt Administration

Capital Assets. At September 30, 2002, the County's total investment in capital assets, net of accumulated depreciation, was \$11.1 billion. This represents an increase of approximately 5.6% over the previous year. The following table summarizes the components of the County's investments in capital assets.

Miami-Dade County Capital Assets as of September 30, 2002 (net of depreciation, in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2001	2002	2001	2002	2001	2002
Land	\$ 498,601	\$ 505,163	\$ 541,154	\$ 537,339	\$ 1,039,755	\$ 1,042,502
Construction in progress	167,404	284,408	974,433	1,313,855	1,141,837	1,598,263
Building and building improvements	963,202	994,288	2,779,980	2,783,261	3,743,182	3,777,549
Infrastructure	952,715	927,451	2,817,450	2,903,132	3,770,165	3,830,583
Machinery and equipment	94,455	126,618	770,357	766,950	864,812	893,568
Totals	<u>\$ 2,676,377</u>	<u>\$ 2,837,928</u>	<u>\$ 7,883,374</u>	<u>\$ 8,304,537</u>	<u>\$ 10,559,751</u>	<u>\$ 11,142,465</u>

Governmental activities' major capital assets additions during the year included:

- ❑ \$54.8 million expended for construction projects related to the South Miami-Dade Cultural Center and the Performing Arts Center;
- ❑ \$20.9 million for the acquisition of touch screen voting machines;
- ❑ \$6.2 million for the acquisition of an office building; and
- ❑ \$5.1 million for the acquisition of library resources.

Business-type activities' major capital assets additions during the year included:

Aviation Department:

- ❑ \$280.5 million expended for various projects, due to the Aviation Department's ongoing \$7.2 billion Capital Improvement Program;

Water and Sewer Department:

- ❑ \$55.9 million expended for various water projects, including treatment facilities;
- ❑ \$27.1 million expended for various wastewater projects, including infiltration and inflow reduction program and gravity mains and services;

Solid Waste Department

- ❑ \$9.7 million expended for closure projects of active and inactive landfills;

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Transit Agency

- ❑ \$30.2 million expended for the acquisition of 110 full-sized buses and 34 mini-buses; and
- ❑ \$4.9 million expended for the construction of the Palmetto Metrorail Station.

Additional information on the County's capital assets can be found in Note 4.

Long-Term Liabilities. At September 30, 2002, the County had \$7.697 billion in long-term liabilities. Of this amount, \$6.358 billion are bonds, loans and notes payable, net of deferred credits, consisting of \$4.083 billion in revenue bonds, \$0.422 billion in General Obligation Bonds, \$1.107 billion in Special Obligation Bonds, \$0.109 billion in Housing Agency Debt, \$0.529 billion in loans payable and \$0.206 billion in Commercial Paper. The chart below summarizes the County's long-term liabilities at September 30, 2002. Additional information regarding long-term debt can be obtained in Note 8.

Miami-Dade County Outstanding Long-term Liabilities as of September 30, 2002 (in thousands)

	Governmental activities		Business-type activities		Total Primary Government	
	2001	2002	2001	2002	2001	2002
General obligation bonds	\$ 313,661	\$ 270,986	\$ 153,505	\$ 151,170	\$ 467,166	\$ 422,156
Special obligation bonds	930,062	1,060,558		46,075	930,062	1,106,633
Revenue bonds			3,897,295	4,082,945	3,897,295	4,082,945
Housing Agency bonds and notes	107,012	108,545			107,012	108,545
Loans and notes payable	54,500	54,393	462,553	474,891	517,053	529,284
Other (i.e. unamortized premiums and discounts)		6,117	(113,519)	(103,818)	(113,519)	(97,701)
Commercial paper notes			168,339	206,056	168,339	206,056
Sub-total Bonds, Notes and Loans	1,405,235	1,500,599	4,568,173	4,857,319	5,973,408	6,357,918
Compensated absences	241,019	263,876	134,311	140,546	375,330	404,422
Estimated insurance claims payable	126,320	141,408	59,800	62,381	186,120	203,789
Environmental remediation			173,000	173,000	173,000	173,000
Landfill closure/postclosure care costs			91,865	86,398	91,865	86,398
Deferred revenues			199,989	430,200	199,989	430,200
Other	35,168	22,710	19,540	18,589	54,708	41,299
Totals	\$ 1,807,742	\$ 1,928,593	\$ 5,246,678	\$ 5,768,433	\$ 7,054,420	\$ 7,697,026

Bond Ratings

Miami-Dade County continues to meet its financial needs through prudent use of its revenues and effective debt financing programs. The County's financial strength and sound financial management practices are reflected in its general obligation bond investment ratings, which are among the highest levels attained by Florida counties. Following are the credit ratings assigned by the three primary credit rating agencies in the financial market:

Aa3	Moody's Investor Services
AA-	Standard & Poor's Corporation
A+	Fitch IBCA, Inc.

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At September 30, 2002, the County had \$6.250 billion in bonds and loan agreements outstanding, other than commercial paper notes. This is a net increase (new debt issued less principal reductions) of \$0.331 billion or 5.59% from the previous year. During the year, the County issued approximately \$0.564 billion in new debt, which is detailed in the chart below. Additional information on the County's debt can be obtained in Note 8.

BONDS AND LOANS ISSUED DURING THE YEAR

(in thousands)

Date Issued	Description	Purpose	Interest Rate Range	Final Maturity Date	Amount Issued
BONDS:					
5/30/02	Miami-Dade County, Florida Aviation Revenue Bonds Series 2002	To finance certain airport improvements under the Aviation's Capital Improvement Program	4.5% to 5.75%	10/01/32	\$ 299,000
6/15/02	Public Service Tax Revenue Bonds (UMSA Public Improvements) Series 2002	To finance improvements to the stormwater drainage system, construction and repair of sidewalks, park renovation and beautification of neighborhoods	3.00% to 5.50%	4/01/27	55,275
7/1/02	Special Obligation Bonds, Series 2002 (Miami-Dade Fire & Rescue Service District)	To acquire and construct a training complex and various other capital improvements for the district	3.00% to 5.50%	4/1/22	17,895
9/19/02	Special Obligation Bonds Capital Acquisition Series 2002A	To finance the acquisition of capital assets, improvements, renovations and enhancements to County facilities	2.00% to 5.00%	4/1/13	119,845
9/19/02	Special Obligation Bonds Capital Acquisition Series 2002B	To finance the acquisition of capital assets, improvements, renovations and enhancements to County facilities	Variable Rate (Auction Rate)	4/1/23	11,275
LOANS:					
9/30/02	State Revolving Fund (Miami- Dade Water and Sewer Dept.)	To finance construction of wastewater treatment facilities	2.56% to 4.17%	2019	22,365
4/9/02	Miami Dade Housing Fannie Mae Revolving Credit Facility Agreement note	To finance Miami-Dade Housing Agency infill housing and other affordable housing development initiatives	Variable (London Interbank Offer Rate)	2003	5,000
Total long-term debt issued during the year					530,655
Add: Interest accretions					23,227
Premiums on issuance of bonds					9,869
Total additions to bonds, loans and notes payable (governmental and business-type activities)					<u>\$563,751</u>

MIAMI-DADE COUNTY, FLORIDA

Other Obligations. The County administers a self-insurance program for workers' compensation, tort liability, property, and group health and life insurance programs, subject to certain stop-loss provisions. Detailed information about the County's liability related to the self-insurance program is included in Note 7. Other obligations include compensated absences, post-retirement health insurance benefits, arbitrage liability and other contingencies.

Economic Factors and Other Significant Matters

The County's revenues and expenses and expenditures are affected by changes in international, national and local economic factors. Economic growth can be measured by various factors. Highlights of the economic factors that affected Miami-Dade County during the last fiscal year are depicted below.

- The unemployment rate for Miami-Dade County was 7.7% from 6.2%, an increase of 1.5% from prior year. This compares to the State of Florida's annual average unemployment rate of 5.5%. (Source: Florida Agency for Workplace Innovation, Office of Workforce Information Services, Labor Market Statistics, Miami-Dade County Department of Planning and Zoning, Research Section)
- The occupancy rate for commercial real estate was 85.3, a decrease of approximately 1.3% from the previous year. (Source: Greater Miami Convention and Visitors Bureau)
- The number of visitors to Miami-Dade County was 10.2 million. This represents a decrease of approximately 2.6%. (Source: Greater Miami Convention and Visitors Bureau)
- The new and used real estate market all showed increases in average sale prices from the previous year. For example, new and used single family homes increased 12.1% and 9.4%, respectively, while the new and used condominiums increased by 30.8% and 11.8%, respectively. (Source: The Beacon Council / Miami-Dade County Florida)

On November 5, 2002, the voters of Miami-Dade County, Florida, approved a half-cent sales tax to support an increase in transportation services.

Requests for information

This financial report is designed to provide a general overview of Miami-Dade County's finances to our citizens, taxpayers, customers, investors, creditors, and others with an interest in the County's finances. Questions concerning this report or requests for additional financial information should be addressed to:

Miami-Dade County, Florida
Finance Department
Office of the Controller
111 NW 1st Street, Suite 2620
Miami, Florida 33128-1980